



The Deficit Reduction Act Will Improve Education for America's Students

“The Senator from Massachusetts says we should give the best and the brightest an opportunity to participate and go to good colleges. We agree with that. And in fact we're doing something about it...There are some major initiatives in this bill, especially in the area of education, which are new. They are fully paid for...And the new programmatic activity, which is fully paid for, in the student area is \$9 billion. \$9 billion of additional funding for student activity.”

-- Senate Budget Committee Chairman Judd Gregg, Dec. 20th floor speech

Fact: Not one benefit for low-income students is taken away under the Deficit Reduction Act. Rather, the bill reduces bank and education lender special payments and profits by \$20.2 billion and achieves another \$2.2 billion in administrative savings. It then directs the money back into student benefits (\$9.6 billion) and deficit reduction (\$12.7 billion).

Fact: The Deficit Reduction Act provides more than \$3.7 billion in additional direct grant aid for low-income college students over five years.

- ü The bill increases grant aid to low-income students by up to 99 percent.
- ü It establishes a new program of Academic Competitiveness Grants that will strengthen U.S. competitiveness and national security. Additional grant aid will be provided to low-income, high-achieving college students: \$750 the first year, \$1,300 the second year.
- ü In addition, for low-income, high-achieving college students pursuing degrees in key subject areas of math, science and foreign languages critical to national security: \$4,000 for the third year, \$4,000 for the fourth year.
- ü These award levels are in addition to the maximum federal Pell Grant for which a low-income student would otherwise be eligible – currently the maximum Pell Grant award is \$4,050.

Fact: The Deficit Reduction Act provides another \$5.9 billion to benefit both low-income and middle-income borrowers in the student loan program.

- ü Reduces “taxes” on students by phasing out loan origination fees – surcharges banks and the Department of Education require students to pay to access government-backed loans.
- ü Loan forgiveness up to \$17,500 for special education, math and science teachers who agree to teach in low-income schools.
- ü Loan deferment for active duty military personnel.